



Official Minutes from the April 20, 2017 MCC Advisory Council Meeting

Millennium Challenge Corporation
Franklin Court A and B
1099 14th Street, NW, Washington DC
April 20, 2017
9:00 am – 1:45 pm

Agenda

8:30 am – 9:00 am	Coffee and pastries
9:00 am	Call to Order and Welcome Jonathan Nash, Acting Chief Executive Officer Mima Nedelcovych and Tim Docking, MCC Advisory Council Co-Chairs
9:15 am	MCC Updates Kyeh Kim, Acting Vice President, Department of Compact Operations
9:45 am	Break
10:00 am	Bolstering MCC's Relationship with the Private Sector Mima Nedelcovych and Tim Docking, MCC Advisory Council Co-Chairs
11:30 am	Remarks and Q&A Joshua Bolten, President and CEO, Business Roundtable
12:15 pm	Lunch Service

12:30 pm	Côte d'Ivoire Case Study David Weld – Country Team Lead Zaidoon Khouri, Associate Director – Finance, Investment and Trade Marcel Ricou, Senior Program Officer – Education, Health and Community Development
1:35 pm	Concluding Remarks Alex Dixon, Practice Lead/Senior Director, Finance, Investment and Trade
1:40 pm	Opportunity for Public Comment
1:45 pm	Meeting Adjourns

Welcoming Remarks, Introductions

Jonathan Nash, MCC's Acting CEO, opened the meeting and extended greetings to all members of the Advisory Council, thanking Council members for their continued commitment to MCC's work. He also extended thanks to Tim Docking and Mima Nedelcovych for their leadership as co-chairs of the MCC Advisory Council. Acting CEO Nash noted the following progress at MCC since the Council last met in October 2016:

- In December 2016, MCC's Board of Directors selected Burkina Faso, Sri Lanka, and Tunisia as eligible to develop MCC compacts and Kosovo and Timor-Leste to develop MCC threshold programs
- The closing of MCC's 5-year compact with Jordan in December
- A successful [March Board Meeting](#)

Acting CEO Nash introduced Acting Vice President for the Department of Compact Operations, Kyeh Kim, who expressed her appreciation to the Council and thanks to MCC staff who work to engage Council members and prepare the Council meetings. Acting VP Kim provided an overview of advances in the development of compacts in Senegal and Sri Lanka, an update on the Benin compact and progress being made to form and staff counterpart teams and conduct the Constraints Analysis in Burkina Faso and Tunisia.

Acting VP Kim also provided an overview of the changing landscape of development funding and MCC's catalytic role in blended finance, highlighting [MCC's P3 Platform](#) and work in stimulating infrastructure development through technical assistance, project preparation work, transaction advisory services and regulatory environment improvements. She noted that all of MCC's work helps improve investment and business climates in its partner countries. Furthermore, Acting VP Kim provided a brief analysis of how MCC engages the private sector in the US and partner countries and how MCC Compacts create

opportunities for private capital to invest in and around MCC-funded projects through public private partnerships, co-investments and parallel investments. Recognizing that MCC can better and more strategically engage the private sector in its work, Acting VP Kim expressed her appreciation to the Council for its willingness to provide advice that will enable MCC to strengthen outreach to, and engagement with, the private sector.

Acting VP Kim rounded out her comments by updating the Council that an MCC Office of Strategic Partnerships had been established and fully staffed, and answered several members questions regarding how MCC is working to reach out to American companies, while staying true to its founding principles of international, open and transparent procurements within its partner countries.

Bolstering MCC's Partnership with the Private Sector

Advisory Council Co-Chairs Mima Nedelcovych and Tim Docking opened the discussion by reiterating the changing landscape of development and encouraging MCC to engage in more strategic, consistent and targeted private sector engagement to increase impact and strengthen the sustainability of MCC's work. They noted that the results of this discussion would be the basis for a letter from the Advisory Council to the incoming MCC leadership team, once appointed. Co-Chair Docking noted that the focus of this discussion is to amplify the work that MCC is already undertaking, while encouraging members to outline new ideas, as well as approaches, to engaging the private sector. Specifically, the co-chairs outlined three main topics for discussion – i) Raising MCC's profile, ii) Engaging US and host country Private Sector in early-stage consultation and iii) Opportunities to Expand MCC's Work through Regional Compacts. Acting VP Kyeh Kim noted that she would also report back to MCC Senior Staff about the discussion and see what they can do in the short term to address any ideas that are low hanging fruit.

Discussion:

Raising MCC's Profile

According to Advisory Council members, MCC remains relatively unknown to many private sector organizations in the US and those operating in Compact countries and other frontier markets. Additionally, a growing number of regional based investment funds are looking for infrastructure investments in these markets and would be great MCC partners. Council members recommended that MCC:

- Tailor the tone of outreach to the private sector as business development, rather than trade or international development
- Convey, through its outreach, that MCC partner governments are laying the groundwork for future investment, and economic growth (e.g. Namibia tourism; Ghana power; Jordan water)
- Engage in sector-specific, targeted market outreach, particularly to US-based companies and their subsidiaries in MCC partner countries and the regions where MCC works.
- Target engagement with outstanding and differentiated segments within the US private sector, e.g.

technology, professional services, agribusiness, and renewable energy.

- Develop a deal book of investment opportunities, or another clear, specific and concise tool, that highlights opportunities across Compacts.
- Adopt a “Reverse Trade Mission” concept that brings MCA CEOs and procurement teams to US-based conferences and trade shows. This strategic placement will help ensure that a broader range of US companies are aware of MCC and the MCA-led procurement process.
- Highlight the work it does to coach partner country governments and MCAs in engaging effectively and transparently with the private sector, and specifically the US private sector – a benefit that often bears fruit for private sector partners for years to come.
- Focus on facilitating investment opportunities and connecting compact-country SMEs with US firms for ongoing business development.
- Establish and promote specific windows of opportunity for early stage private sector engagement, including offering webinars and online information with quick and easy project information, which would be of particular help to those companies that do not have Washington, DC offices or staff in MCC partner countries.
- Frame MCC Compact investment opportunities and procurements as business development opportunities for interested companies, rather than focusing on trade as an output.
- Review ways to increase U.S. business participation in MCC and MCA procurements.
- Rethink how it structures and conducts procurements – perhaps there are opportunities to engage companies through a sector-wide contract vehicle or one that spans a region, which would “pre-clear” companies and provide additional opportunities that may offset the extensive work required upfront.
- Seek ways to build private sector engagement and or a private sector investment requirement into Compact investment criteria.
- Review best practices across the US that help create a PPP pipeline (reference to State of Virginia’s P3 Agency).
- Work with Members of Congress, Governors and State Trade Offices to organize in state/in district events with US firms to inform them of MCC’s work and forthcoming opportunities.

Engaging US and Host Country Private Sector in Early-Stage Consultations

In the discussion about how best to engage the private sector in early-stage consultations, Advisory Council Members suggested several ways in which MCC could harness more partner country and US firm input during Compact development:

- Develop new or adapt existing MCC mechanism to bring the private sector into a consultative process at the beginning of the project conceptualization and planning process;
- Co-create or work closely with the private sector in the compact development phase to ensure optimal design and sustainability of interventions, and to identify programmatic synergies;
- Emphasize technology by creating a “Tech Lens” to assess the potential application of technology to project design, implementation and M&E.

The discussion also highlighted several additional ways MCC can engage the private sector and ensure US

firms are aware of and participating in MCA procurements. Suggestions included:

- Adopting the US-Nexus model that OPIC employs to ensure US firms are benefiting from their projects.
- Seeking ways to form organic partnerships in the technology and innovations space, rather than relying solely on procurements. For example: Microsoft's TV whitespace technology that provided internet connectivity in rural schools within the Namibia compact and is now being scaled up across the country.
- Require MCA's to host procurement information sessions to actively recruit private sector firms in the local market.
- MCC should ensure the US Embassies in partner countries, and even in countries that are not yet eligible, understand MCC and MCC/MCA procurements so they are able to effectively reach out to interested US and local firms. Ambassadors should also see MCC investments as an effective tool to push for reforms that help improve the private sector investment enabling environment. This MCC information could be filtered through the resident country missions in MCC compact countries, and through MCC's selection & eligibility team in Washington who often consult with countries not yet eligible for MCC funds.
- MCC needs to highlight that all MCC-funded procurements are paid in USD and, therefore, do not carry typical foreign exchange risk.
- Emphasize across the board that good procurement processes are good anti-corruption practices

Opportunities to Expand MCC's Work through Regional Compacts

Noting the shift in the political landscape since the 2016 Presidential elections, members emphasized that MCC is uniquely positioned to engage the private sector while drawing bi-partisan support. Advisory Council members pushed MCC to remain innovative, take advantage of its legislative flexibility, and consider the following strategies:

- Emphasize the national security implications of MCC's work, particularly in fragile and post-conflict states; make the connection between improved economic opportunity, a strong private sector and long-term stability.
- Explore the potential for regional (multi-country) compacts.
 - Some Council members saw this as an opportunity to increase MCC's work across the world, while other members noted that MCC's focus had been on regional compacts, and further data analysis would be necessary to determine if subnational compacts would be possible or bear the intended results.
- MCC Advisory Council members had differing opinions on the potential for subnational compacts – those that would focus on a specific state or municipality in a country that otherwise doesn't pass the MCC Scorecard. This would require MCC to explore the use of MCC's scorecards at a sub-national or municipal level. Due to the data sources, this would likely be difficult.
 - Urban and subnational compacts may have higher impact; urban conglomerations in particular should be targeted by MCC. It was noted that many current MCC compacts, including the Cote d'Ivoire compact, have an urban focus, as urban areas are often the

engine of a country's economy.

- Increase MCC involvement in Financial Sector reform in compact countries, as unlocking financial bottlenecks can unlock significant growth opportunities.
- Seek opportunities to provide credit enhancements rather than just grant funding
- Explore ways to work more closely with multilateral development banks and their PPP platforms to ensure maximum leverage and strong pipeline development.

Remarks and Q and A with Josh Bolten, CEO and President, Business Roundtable

Guest speaker, Josh Bolten, President and CEO of the Business Roundtable (BRT) was welcomed by Acting CEO Nash who provided some introductory comments on Mr. Bolten's instrumental role in the founding of MCC. Mr. Bolten, who has served in many USG positions including White House Chief of Staff and Director of the Office of Management and Budget, thanked Acting CEO Nash for his comments and began his remarks with a reflection on the George W. Bush Administration's evolving view of development assistance and the thinking that went into the founding of MCC. Mr. Bolten discussed his new role at BRT, the issues that are of concern to the organization's members and the health of the global economy.

Advisory Council members engaged Mr. Bolten on how MCC can raise its profile and more effectively work with US companies, the private sector and BRT members, in particular. Mr. Bolten emphasized his support for MCC's work and encouraged MCC and MCC Advisory Council Members to reach out to business leaders and seek out champions that see themselves and their firms as beneficiaries of MCC's work to improve the business climate in partner countries. He noted that both the economic impact and the security implications of MCC's work at home and abroad will be salient in the current dialogue about foreign assistance. He noted that the international business footprint of US business is often overlooked and that MCC is structured in a way to help create new and expanded markets for US businesses of all kinds.

Cote d'Ivoire Case Study

David Weld, Country Team Lead, Zaidoon Khouri, Finance Investment and Trade and Marcel Ricou, Education, Health and Community Development introduced the Compact that is currently under-development with Cote d'Ivoire and outlined the two project focus areas—

The Abidjan Smart Urbanization Project aims to increase the competitiveness of Abidjan as the country's growth hub by improving the mobility of goods and people and easing access to industrial land.

The Skills for Employability and Productivity Project aims to improve the employability of Ivoirians and enhance the productivity of the private sector through improving the quality and relevance of, and access to, basic and technical skills in response to private sector demand.

The compact development team requested input and advice from the Council on two project design elements:

1. *Developing an innovative land use demonstration site* on the 74 hectares that will be created as a result of the Remblai, or landfill, project that can serve as a model for effective urban planning and productive land use while stimulating development and additional investments in the area.
2. *Developing a demand-driven vocational and technical training center PPP model* that will attract robust private sector interest and participation and ensure the acquisition of in-demand technical skills for a more employable workforce.

Discussion:

Advisory Council members stressed the importance of finding projects and partners with experience in running ports and trucking operations as well as in technical and vocational training. Council members offered many examples and points of contact for the Compact team to follow-up with to seek advice and insight on project design elements.

- It was advised to work with someone already operating ports for knowledge management, such as Dubai Ports, or one of the major shipping companies.
 - One Council member suggested adopting a human-centered design approach and seek out advice on trucking from the truckers and the port operators
 - Understand cargo flow from port to determine why trucks are standing waiting for cargo
 - The trucking problem cannot be solved in isolation
 - Determine a path for port growth, as it will likely remain the key port in Cote d'Ivoire for the coming decades.
- Landfill islands should be built with master plan for attracting tenants
 - Add further upstream controlled access to the port, which would require a ticket to enter – this may stymie the long lines and truck backup closer to the port
- Logistics Service Area
 - New Jersey is an excellent model for upstream clearing operations and controlled access to Port that could serve as a model for study
 - Add social services and value-added facilities, such as maintenance facilities and hotels/restaurants, around warehouses and distribution facilities to attract use by truckers; there may be a captive audience for skills development in these areas, as well
- Make sure that TVET structure and model is sound and well-designed from the outset.
- Several solutions, including online or tech-based options, were offered for the team to consider:
 - Gameification of scenarios, which provides an opportunity to make mistakes in a low-risk environment
 - Seek out former Fulbright Scholars and those that have participated in other US exchange programs to serve as faculty/support for students
 - Involve universities; stream online courses such as Coursera or Acumen
 - Working with the government to promote labor law flexibility so that the hiring of training

- graduates is not impeded by strict labor laws
- One member noted his familiarity with several Africa-focused skills development partnerships and will share the lessons learned
 - The member encouraged the team to look at large US firms on the continent to understand what skills their hiring for and training local staff to master to meet local content requirements or localize the supply chain.
- There are similar examples in the US that the team should review, such as Build Alabama and Build Louisiana, which focus on skills development for local labor, strengthening of local educational institutions, and regional economic development

Concluding Remarks

There was some discussion on having sub-committee meetings before the next Advisory Council meeting.

The following upcoming MCC events were noted:

Opportunities and Constraints in Senegal – Friday, 21 April, MCC Headquarters, 1:30 pm

In partnership with the Government of Senegal, and OECD MCC will be hosting a discussion to explore the results of analytic tools that inform investment decisions for economic growth and poverty reduction. The Government of Senegal will be discussing their National Growth Strategy

In Celebration of Partnership – Friday, 28 April, Embassy of Georgia, 6 pm

In July 2013, the Government of Georgia and MCC signed a \$140 million compact focusing on science, technology, engineering and mathematics (STEM); higher education; and workforce development.

Opportunity for Public Comment

There were no public comments.

Advisory Council Members Present:

- Carolyn Campbell, *Emerging Capital Partners*
- Timothy Docking, *Cognitiks (Advisory Council Co-Chair)*
- Robert Dove, *Carlyle Group*
- Joe Dougherty, *Dalberg Global Development Advisors*
- Scott Eisner, *US Chamber of Commerce*
- Aubrey Hruby, *Africa Expert Network; Atlantic Council*
- Mima Nedelcovych, *Initiative for Global Development (Advisory Council Co-Chair)*

- Bob Prieto, *Strategic Program Management, LLC*
- Del Renigar, *General Electric*
- Alvin Rohrs, *Enactus* (retired)
- Mini Roy, *Metis Markets LLC*
- Nilmini Rubin, *Tetra Tech*
- Alexander Sarac, *Berwin Leighton Paisner* (by phone)
- Patricia Sheikh, *Corporate Council on Africa*

Guest Speaker

Joshua Bolten, *Business Roundtable*

Advisory Council Members Absent with Apologies:

- Aaron Bielenberg, *McKinsey & Company*
- Manish Bapna, *World Resources Institute*
- Megan Guy, *The Nature Conservancy*
- Kenneth Hansen, *Chadbourne & Parke, LLP*
- Marta Urquilla, *Beeck Center for Social Impact and Innovations, Georgetown University*

Annexes

- [MCC Engaging the Private Sector](#)
- [Cote d'Ivoire Case Study](#)
- [MCC Advisory Council Written Feedback](#) – Cote d'Ivoire (below)
- [Background: Concurrent Authority and Regional Compacts](#) (below)

MCC Advisory Council Written Feedback – Cote d'Ivoire

One concern and one suggestion.

Concern – anytime there is a strategy to filling in a lagoon two issues arise a) environmental impact – is this something that MCC wants to promote or has there been appropriate review of the environmental impact? and b) it takes months, sometimes longer for fill to “settle”, if there is an intention of building on the land fill or parking heavy machinery I would suggest that the appropriate geo-tech studies be undertaken.

Suggestion – one of the “hottest” areas of infrastructure investment in today’s market is ports. I suggest MCC considers talking to or partnering with a port operator with experience or aspirations in this area of

Africa.

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The development of the Remblai and regional service area project should include the following elements:

- Logistics Center
- Value adding logistical services
- Enhanced transportation features
- Human capital development aspects (TVET)
- Workforce housing (partial)

To be competitive, the developed Logistics Center should:

- be open to all its users
- be served by a variety of transport modes
- provide high quality of services with intermodal solutions
- be run by a neutral legal body, preferably in form of a Public Private Partnership

The PPP should provide value by:

- accelerating infrastructure development (powers and authorities of the Port are key as they may be the likely public partner)
- related improvements in the business environment and port and customs practices are integral to success
- acting as catalyst and vehicle for joint development of select logistical features and facilities
- facilitating new, higher quality intermodal services

The PPP would be a separate legal entity comprised of the Port and a private partner. It would acquire the necessary land (this may be best accomplished as a long term lease of the land (60 – 75 year term), representing a significant part of the Port's contribution to the PPP); construct the Logistics Center facilities in accordance with an approved master plan (this represents the focus of land use negotiations with the Port) that implements the objectives laid out in the PPP agreement or sponsor joint development of more specialized facilities; operate and manage the Logistics Center. It would be charged with negotiations and agreements with the companies, which are interested in their eventual establishment in the Logistics Center.

The PPP should also be given rights to develop a coordinated regional logistics center (of similar character) outside the immediate port area.

Potential elements of the logistics center could include:

- container storage hotel

- cargo consolidation and distribution center
- assembling and packaging facilities
- communications and data center
- hazardous goods storage facility
- logistical movement control (limited access to select transport routes and facilities)
- secured parking with access to welfare facilities (carrot)

Value adding logistical services could include:

- a dedicated, secured customs area to expedite import/export (key value adding feature)
- postal services
- weights and measure services
- insurance brokerage
- legal and documentation support
- financial services including banks and bonds
- vehicle and trailer rental
- fueling
- vehicle maintenance facility
- canteen and other transport labor related welfare facilities
- integrated labor training and certification

Enhanced transportation features could include:

- limited access to PPP controlled expediting routes
- elimination of illegal parking along expediting routes and in the Logistics Center through design and PPP paid enhanced enforcement including towing and impoundment (stick)
- evaluation of use of RFID on vehicles, trailers, containers utilizing the Logistics Center

Workforce housing may be integrated into the overall master plan providing preference to TVET students (temporary/student housing) and TVET trained/certified individuals and their families employed within the Logistics Center

Technical and Vocational Education and Training PPP should have the following elements:

- active partner involvement from local educational providers
- sponsoring and worker quality standards by the Port
- Logistics Center PPP as a core partner
- consumers of trained employees and free standing training of current employees

Access to the TVET facilities and services could be accomplished under a number of different subscription models. Participation in the TVET would be either a requirement of facility operation in the logistics center or included as part of the Logistics Center leasing model (preferred). The TVET's success hinges on designing the program around the current and future workforce, training and talent needs of

companies at the Logistics Center and in the surrounding area. As such the Logistics Center PPP should proceed first with the Port engaging with a private sector partner and the developed PPP subsequently seeking an educational partner for the TVET PPP. The TVET PPP would seek first tier industrial partners from major Logistics Center tenants. Initial subscriptions to the TVET could be included in Logistics Center lease agreements.

Curriculum would focus on skills required by the logistics center including:

- driver training in TEU operations
- fork lift operations
- crane operations appropriate for logistics movements
- warehouse and distribution operations
- customs related operations
- vehicle servicing and maintenance
- other related supply chain skills

Onsite staffing specialists could provide employer and job seeker services including online job postings, job seeker screening, recruiting and events (informational sessions and job fairs), assessments, subsidized work-based learning, labor market information, salary comparison analysis and job description development.

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General Comments

- State of PPP Legislation in the country – guidelines, approval process. Please provide any relevant background
- PoI/PAA experience and participation – any prior deals documented? Please provide any information on bid process, challenge and validation. Is there a possibility for no-bid contracts based on government approved criteria?
- Note that PPP solutions will usually be more expensive than government implementation overall to provide attractive returns to the private sector
- CoI is a small country and regional economics will need to have agreements with other governments. Will private sector bidders realistically look for country or regional returns? If regional, what is the current framework?
- Private Sector Developers' streams of revenue should provide base case returns to compensate for risk and potential upside for performance and to capture market returns for successful development
- TVET – Please clarify whether CoI wants to control training/certification. Generally, objective standards have greater value. Generally, the more specific the training, the greater linkage is needed with private sector employers. Will training include subsidy for on-the-job training ie will private companies benefit from lower costs as the labor force is trained?

The Remblai and Regional Logistics Service Area project:

- Who will own the land? If PAA, then isn't there an inherent conflict in their need to use the land for Port business and alternative uses by private parties?
- Please clarify – will MCC be engaged in implementation? Activity is through PAA/PoI so therefore managed via Compact? Please explain how MCC would exert operational influence in a completed project
- Focus should be on positive incentives and permitting e.g. route to loading/unloading should include parking fees irrespective of use and official parking areas should provide greater security and amenities (food/bunks)

Public-Private Partnerships for Technical Training: A New Model of TVET

- Given the size of the country/region, international interest likely to be limited. Local interest should be supported actively. Will there be requirement for US interest/support now?
- Generally, where economics warrant, private sector companies will invest directly in training. Training centers with government ownership generally need to be able to place certified graduates with employment – who need to value the training

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- I'm not sure if the project ensures sustainability. How will that be measured?
- I guess more information will be provided when we meet.
- On the port piece, will the Port of Abidjan have control over the project? If so, do they have a seat at the table as shareholder?
- The management of this project should be independent from the PAA.
- CCA companies like Caterpillar or ACGROW Bridges would be interested. I'm not sure they are aware off this project.
- Would like to have more information on who participated on a "call for ideas" and whether you should reopen that process
- Some companies use NGOs to help provide technical assistance. Is this a possibility?

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- It is overall a great idea, with the right focus on innovative land use around the Port and critically-needed vocational and technical training;
- Ivory Coast is the perfect test case for these two key areas, given its positioning as the future engine for the region;
- For the TVET, I would take another look at the selection of Bouake. In particular, Yamoussoukro is superior in terms of (a) being the base of all the "grands ecoles", (b) having better infrastructure such as available land, broad roads and internet connectivity, and (c) having easiest access to the regions to the North, East and West of Ivory Coast.
- For the Remblai project, the areas look well chose, and I only query if they will connect to the

existing rail infrastructure, which would be important.

Background: Concurrent Authority and Regional Compacts

MCC has worked with its stakeholders to gain “concurrent authority” in order to unlock the possibility of regional investments. Concurrent authority means giving MCC the ability to have more than one compact in a country at a given time, with the understanding that one compact would be a traditional MCC bilateral compact, while the other compact would still be bilateral, but focused on regional investments connecting to other, related regionally-focused bilateral compacts in neighboring countries. The need for this authority is due to the fact that it is highly unlikely that there will be two or more neighboring countries who are passing the scorecard, and not already eligible for (or currently implementing) their own compacts.

Regionally focused compacts would offer MCC an entirely new set of candidates in the sense that while the country candidate pool overall would remain the same, the agency could now look at the pool with a regional lens. As and when attractive regional investments are identified, the concurrent authority would allow MCC to develop these new types of regional projects.

Providing MCC with the authority to do concurrent compacts has passed both the House and the Senate Foreign Relations Committee in different forms attached to different legislative vehicles. The legislation has already been [introduced in the Senate](#), is expected to be introduced in the House shortly, and has broad bipartisan support.

Although MCC remains interested in the idea of subnational compacts, the focus is currently on concurrent authority to enable regional compacts.